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5 UNITED STATES DISTRICT COURT  
6 WESTERN DISTRICT OF WASHINGTON  
7 AT SEATTLE

8 AVOCENT REDMOND CORP.,

9 Plaintiff,

10 v.

11 ROSE ELECTRONICS, *et al.*,

12 Defendants.

Case No. C06-1711RSL

ORDER GRANTING IN PART  
PLAINTIFF'S MOTION FOR  
PROTECTIVE ORDER

13 This matter comes before the Court on "Avocent's Motion for Protective Order  
14 Against Aten's Fed. R. Civ. P. 30(b)(6) Notice of March 17, 2012." Dkt. # 388. Having  
15 reviewed the memoranda, declarations, and exhibits submitted by the parties, the Court finds as  
16 follows:

17 **(1) Privilege Objections**

18 Avocent objects to three of the proposed deposition topics on the grounds that they  
19 are overbroad and would require the disclosure of information protected by the attorney-client  
20 privilege and the work product doctrine.

21 **Topic 8:** Any search, analysis, investigation, or opinion regarding the patents-in-  
22 suit, any related patents or related patent applications, including all facts and circumstances  
23 regarding such search, analysis, investigation, or opinion including without limitation, any  
24 research, analysis, investigation, or opinion regarding patentability, enforceability,  
25 unenforceability, validity, invalidity, infringement, non-infringement, meaning, interpretation,  
26 construction or scope of the patents-in-suit or any related patents or any related patent  
applications.

Because patents are creatures of the law, the vast majority of information

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1 responsive to Topic 8 will fall within the protections of the attorney-client privilege and/or the  
2 work product doctrine. It is hard to imagine how any investigation or analysis regarding  
3 patentability, validity, construction, etc. – all of which are legal issues – would arise outside the  
4 context of legal advice and/or pending or anticipated litigation. Although the facts surrounding a  
5 patent holder’s pre-suit activities may be discoverable when the adequacy of the pre-filing  
6 investigation has been challenged under Rule 11, no such challenge has been asserted here.  
7 Defendants have not shown any particular need for delving into the mental impressions,  
8 strategies, opinions, and investigative activities of Avocent’s lawyers.

9           Defendants correctly note that a party’s ability to object to specific questions that  
10 impinge on the attorney-client privilege or the work product doctrine is usually sufficient  
11 protection of those interests. In this instance, however, defendants have not identified any line  
12 of questioning under Topic 8 that would not be objectionable. Plaintiff’s objections to Topic 8  
13 are, therefore, sustained.

14           **(b) Topic 16:** All facts and circumstances regarding any testing, examination,  
15 reverse engineering, or analysis performed by Avocent or on its behalf, including any patent  
infringement analysis, of any ATEN Product(s).

16           Topic 16 seeks information that may or may not reveal attorney-client  
17 communications and/or work product. Objections raised and/or instructions not to answer given  
18 in response to specific questions will adequately protect plaintiff’s interests. The objections to  
19 Topic 16 are overruled.

20           **(c) Topic 17:** All facts and circumstances regarding Avocent’s consideration of  
21 filing or not filing and the decision to file or not to file a patent infringement suit against ATEN,  
22 other defendants in this case, and any other entities, regarding any of the patents-in-suit.

23           Although much of the information sought in Topic 17 would be protected from  
24 discovery by the attorney-client privilege and/or the work product doctrine, defendants point out  
25 that the topic also includes information regarding business considerations and justifications for  
26 filing or not filing infringement actions related to the patents-in-suit. Objections raised and/or

1 instructions not to answer given in response to specific questions will adequately protect  
2 plaintiff's interests. The objections to Topic 17 are overruled.

3 **(2) Information Regarding Settlement Negotiations**

4 Avocent objects to two of the proposed deposition topics (Topics 25 and 26) on the  
5 ground that they seek information regarding settlement negotiations that cannot be used at trial  
6 pursuant to Fed. R. Ev. 408. Avocent has already produced its settlement agreements with  
7 Raritan Computer, Inc., Rose Electronics, and Trippe Manufacturing Company, including the  
8 license agreements negotiated with those entities. Motion (Dkt. # 388) at 4 n.1. It is also willing  
9 to allow its Rule 30(b)(6) witness to testify regarding license offers and negotiations that  
10 occurred outside of the context of settling litigation. Motion (Dkt. # 388) at 5-6.

11 To the extent Avocent is arguing that settlement negotiations are privileged and  
12 therefore immune from discovery, the Federal Circuit recently decided that issue against it. See  
13 In re MSTG, Inc., 675 F.3d 1337 (Fed. Cir. 2012). Although Congress limited the admissibility  
14 of evidence related to compromise offers and settlement negotiations, it "did not take the  
15 additional step of protecting settlement negotiations from discovery." Id., at 1344. Settlements  
16 and statements made during negotiations may be admissible for purposes other than  
17 impeachment or to prove or disprove the validity or amount of a disputed claim. Fed. R. Ev.  
18 408. If they are relevant for such purpose and/or the party opposing disclosure has placed their  
19 contents at issue in some way, discovery should be permitted. In MSTG, for example, plaintiff's  
20 expert opined that license agreements reached through settlements were not valid comparables  
21 when determining damages because they reflected "litigation related compromises" and covered  
22 additional patents. Id., at 1340. Based on the expert's reliance on facts related to the settlement  
23 negotiations that were not contained in the final agreements, the district court reconsidered its  
24 earlier order denying discovery of the underlying settlement negotiations on the ground that the  
25 information was now relevant to a full evaluation of the expert's opinion.

26 Defendants already have the settlement agreements and information regarding the

1 the licenses negotiated with Raritan Computer, Inc., Rose Electronics, and Trippe Manufacturing  
2 Company. Defendants do not argue that statements made during the negotiations will be  
3 admissible for any of the reasons stated in Fed. R. Ev. 408(b). Nor have defendants shown that  
4 the negotiations are relevant to any issue in this case (*i.e.*, that discovery regarding the  
5 negotiations is likely to uncover evidence that would be admissible). In the absence of a  
6 showing that statements made in the settlement discussions would be admissible, “the district  
7 court has discretion to limit discovery of material that is not itself admissible and that was not  
8 utilized by the opposing party” in order to protect settlement confidentiality. MSTG, 675 F.3d at  
9 1346-47. A limitation on discovery is even more appropriate where, as here, defendants have  
10 not shown that the negotiations are relevant.

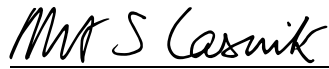
11 Plaintiff’s objections to Topics 25 and 26 are sustained. The Rule 30(b)(6) witness  
12 should be prepared to testify only about license offers and negotiations that occurred outside of  
13 the context of settling litigation.

### 14 (3) Contention Discovery

15 Defendants intend to question plaintiff’s Rule 30(b)(6) witness regarding “[a]ll  
16 facts and circumstances regarding Avocent’s contentions that ATEN has willfully infringed the  
17 patents-in-suit.” For the reasons stated in McCormick-Morgan, Inc. v. Teledyne Indus., Inc.,  
18 134 F.R.D. 275, 285-87 (N.D. Cal. 1991), the Court has concerns regarding the efficacy and  
19 fairness of requiring an individual to “set forth in full detail every item of evidence and every  
20 aspect of legal argument or authority that had any tendency to help support” a particular  
21 contention. Nevertheless, the contention at issue here is fairly narrow, and one could reasonably  
22 expect a lay witness to recount the facts and circumstances which led Avocent to accuse  
23 defendants of objective recklessness (*i.e.*, willfulness) in this litigation. The objection to Topic  
24 20 is overruled.

1 For all of the foregoing reasons, plaintiff's motion for protective order (Dkt. # 388)  
2 is GRANTED in part and DENIED in part.

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4 Dated this 29th day of May, 2012.

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6 Robert S. Lasnik

7 United States District Judge  
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